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BYLAWS

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MULTIPLE LISTING SERVICE OF CATAWBA VALLEY, INC.

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MULTIPLE LISTING SERVICE OF CATAWBA VALLEY, INC.

BYLAWS

Article 1 Name

The name of this organization shall be the Multiple Listing Service of the Catawba Valley, Inc., hereinafter referred to as the service, all the shares of stock of which are solely and wholly-owned by the Catawba Valley Association of Realtors®.

Article 2 Purpose

A multiple listing service is a means by which authorized participants make blanket unilateral offers of compensation to other participants (acting as subagents, buyer agents, or in other agency or nonagency capacities defined by law); by which cooperation among participants is enhanced, by which information is accumulated and disseminated to enable authorized participants to prepare appraisals, analyses, and other valuations of real property for bona fide clients and customers; by which participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information so participants may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as procuring cause of the sale (or lease). *(Amended 11/04)*

Article 3 Service Area

The area within which the service shall function shall at all times be coextensive with or within the territorial jurisdiction of the Catawba Valley Association of REALTORS® which are approved by the Board of Directors of the Service.

Article 4 Participation Defined

Any Realtor® of this or any other association who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these bylaws, shall be eligible to participate in multiple listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto.** However, under no circumstances is any individual or firm, regardless of membership status, entitled to multiple listing service membership or participation unless they hold a current, valid North Carolina real estate broker's license and offer or accept compensation to and from other participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by an association multiple listing service is strictly limited to the activities authorized under a participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey participation or membership or any right of access to information developed by or published by an association multiple listing service where access to such information is prohibited by law. The Realtor® principal of any firm, partnership, corporation, or the branch office manager designated by said firm, partnership, or corporation as the participant shall have all rights, benefits, and privileges of the service, and shall accept all obligations to the service for the participant's firm, partnership, or corporation, and for compliance with the bylaws and rules and regulations of the service by all persons affiliated with the participant who utilize the service. *(Amended 11/08)*

The key is that the participant or potential participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the MLS in which participation is sought. This requirement does not permit an MLS to deny participation to a participant or potential participant that operates a "Virtual Office Website" (VOW) (including a VOW that the participant uses to refer customers to other participants) if the participant or potential participant actively endeavors to make or accept offers of cooperation and compensation. An MLS may evaluate whether a participant or potential participant actively endeavors during the operation of its real estate business to offer or accept cooperation and compensation only if the MLS has a

reasonable basis to believe that the participant or potential participant is in fact not doing so. The membership requirement shall be applied in a nondiscriminatory manner to all participants and potential participants. *(Adopted 11/08)*

Note 1: The requirements of (1) no record of recent or pending bankruptcy; (2) no record of official sanctions involving unprofessional conduct; and (3) completion of a course of instruction on the MLS rules and regulations and computer training related to MLS information entry and retrieval may be deleted from this section at the option of each association. In states where law requires non-association members be admitted to the MLS of an association of Realtors®, any limitations or restrictions imposed on participation or membership shall be no more stringent than permissible under the National Association's membership qualification criteria. However, in states where non-association member access to the MLS is not a requirement of state law, associations may, at their discretion, establish additional qualifications for non-association member participation and membership in the MLS. *(Amended 11/96)*

Note 2: An association may also choose to have the Board of Directors consider the following when determining a nonmember applicant's qualifications for MLS participation or membership:

- all final findings of Code of Ethics violations and violations of other membership duties in any other association within the past three (3) years
- pending ethics complaints (or hearings)
- unsatisfied discipline pending
- pending arbitration requests (or hearings)
- unpaid arbitration awards or unpaid financial obligations to this or any other association or association MLS

Article 4.1 Application for Participation

Application for participation shall be made in such manner and form as may be prescribed by the board of directors of the service and made available to any Realtor® principal of this or any other association requesting it. The application form shall contain a signed statement agreeing to abide by these bylaws and any other applicable rules and regulations of the service as from time to time amended or adopted. *(Amended 2/94)*

Article 4.2 Discontinuance of Service

Participants of the service may discontinue the service by written notice on or before the Wednesday prior to the final Friday in the same month (excepting holiday schedules) and may reapply to the service by making formal application in the manner prescribed for new applicants for participation provided all past dues and fees are fully paid. Active/In-Active Subscription date is shown on the announcements page of the MLS System.

Article 4.3 Subscribers

Subscribers (or users) of the MLS include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with participants. (Optional provision: Subscribers also include affiliated unlicensed administrative and clerical staff, personal assistants, and individuals seeking licensure or certification as real estate appraisers who are under the direct supervision of an MLS participant or the participant's licensed designee.) *(Adopted 4/92)*

Article 5 Service Charges

The charges made for participation in the service shall be as determined, and as amended from time to time by the board of directors of the service, and specified in the rules and regulations of the

service.

Article 6 Government of the Service

The government of the service shall be vested in a board of directors comprised of the elected officers and directors nominated and elected as described in this article.

Article 6.1 Officers of the Service

The officers of the service, who shall be identical as those elected annually by Catawba Valley Association of Realtors®.

Article 6.2 Board of Directors

The governing body of the Service shall be the Board of Directors which Directors shall be identical to those of the Catawba Valley Association of Realtors®.

Article 6.3 Terms of Office

The term of office for Officers and Directors shall commence on January 1 of each year. The Directors shall serve for staggered three-year terms with one-third of said terms expiring each year. Officers and Directors shall take office upon the effective date of their offices and shall continue until their successors are elected, qualified, and installed. No Officer(s) or Director(s) shall be nominated and elected to the same office for more than two consecutive terms. Vacancies among the Officers and Directors shall be filled by the Board of Directors until the next annual election, subject to approval by the Catawba Valley Association of Realtors®, Inc. (shareholder).

Article 6.4 Duties of Officers and Directors

The duties of the officers and directors are as follows:

1. The president shall be the chief executive officer of the service and shall preside at its meetings and those of the board of directors, and shall perform all the duties of the president subject to declared policies and, as required, subject to confirmation of the board of directors.
2. The president elect shall, in the absence of the president, perform all of the duties of the president.
3. The secretary-treasurer shall be the custodian of the funds of the service and shall keep an accurate record of all receipts and disbursements. The secretary-treasurer shall provide to all members of the board of directors a quarterly statement of all accounts and financial affairs for the service, and shall have charge of the corporate seal and affix the name to all documents properly requiring such seal.

The board of directors of the service shall be the governing body of the service and shall have control of all the affairs of the service and shall authorize all expenditures of funds. The board of directors shall, prior to the end of each fiscal year, prepare a budget reflecting projected costs and expenses of the service for the next fiscal year, indicating projected income from all sources. The budget shall be submitted to the participants of the service for approval on a date not less than thirty (30) days prior to the first day of the next fiscal year. The board of directors shall not incur an obligation in excess of the total budget without the authorization by vote of a two-thirds majority of Realtor® participants of the service present and voting unless such excess is the result of an increase in the volume of listings processed by the service over that projected in preparing the annual budget. The board of directors shall employ such executive, legal, and office personnel it deems necessary to care for and maintain the properties of the service and otherwise conduct the administrative business of the service. The board of directors shall have the right to make an audit of all books and accounts at any time without notice. The board of directors shall have the power from time-to-time to adopt such rules and regulations that they

may deem appropriate subject to final approval of the board of directors of the Catawba Valley Association of Realtors® (shareholder). Except as otherwise provided in these bylaws and rules and regulations, the action of the board of directors shall be final. (Amended 10/16)

Article 7 Annual Meetings

The annual meeting of PARTICIPANTS of the Service shall be held at the time and place specified by the Board of Directors with not less than seven (7) days written notice to all participants.

Article 7.1 Special Meetings of the Service

Special meetings of participants of the service may be called from time to time by the president, the board of directors, or by 20% of the participants of the service. Written notice stating the day, place, and hour of the meeting, the purpose or purposes for which the meeting is called, shall be delivered to all Realtors® who are participants in the service not less than 7 days prior to said meeting.

Article 7.2 Quorum and Voting at Meetings of the Service

For the transaction of business, 30% of the participants of the service shall be considered a quorum. A majority vote by such participants present and voting at a meeting attended by a quorum shall be required for passage of motions.

Article 7.3 Meetings of the Board of Directors

The Board of Directors shall designate a regular time and place of meetings. A majority of Directors shall constitute a quorum. A majority vote by the Directors present and voting at a meeting attended by a quorum shall be required for passage of motions. Absence from three regular meetings without an excuse deemed valid by the Board of Directors shall be construed as resignation.

Article 7.4 Presiding Officer

At all meetings of the participants of the service, or of the board of directors, the president or, in the absence of the president, the president elect shall serve as presiding officer. In the absence of the president and president elect, the president shall name a temporary chairperson or, upon the president's failure to do so, the board of directors of the service shall appoint a temporary chairperson.

Article 8 Committees

Multiple Listing Service Advisory Committee - The Service shall have a Multiple Listing Advisory Committee ("MLS Committee") whose duties shall be in accordance with paragraph 4 herein and such additional duties as may be prescribed by the Board of Directors from time to time.

1. Appointment of Committee - The President shall appoint, subject to confirmation by the Board of Directors, a MLS Committee consisting of five (5) REALTOR® Members and any Ex-Officio members. All members of the MLS Committee shall be PARTICIPANTS in the Service except, at the option of the President, REALTORS® affiliated with PARTICIPANTS may be appointed to service in such numbers as determined by the Board of Directors.
2. be filled as in the case of original appointees.
3. Attendance - Any MLS Committee member who fails to attend three (3) consecutive regular or special meetings of the MLS Committee, without excuse acceptable to the chairperson of the MLS Committee, shall be deemed to have resigned from the MLS Committee and the vacancy shall be filled as provided in paragraph 1 above.
4. Duties of the Committee

Subject to approval of the Board of Directors, the MLS Committee shall have the following duties.

- (1) To recommend to the Board of Directors, rules and regulations and amendments thereto, for the administration of the Service. Said rules and regulations shall be in conformity with the Bylaws of the Service and made a part hereof, as from time to time amended.
- (2) To recommend to the Board of Directors, procedures for the operation of the Service.
- (3) Within the budget limitations of the Service, as determined by the Board of Directors, to recommend purchasing equipment and supplies necessary for the operation of the Service.

Any action of the MLS Committee shall be subject to review of the Board of Directors at the request of any member of the MLS Committee or by the Board of Directors without such request.

5. Meetings of the MLS Committee - Meeting of the MLS Committee shall be held at such times and places as may be determined by a majority of the members of the MLS Committee or by the chairperson. A majority of the members of the MLS Committee shall constitute a quorum for the transaction of business.

Article 9 Fiscal Year

The fiscal year of the service shall commence on April 1 and shall end on March 31.

Article 10 Amendments to Bylaws

Subject to approval by the Catawba Valley Association of Realtors®, Inc. (shareholder), these Bylaws may be amended or repealed and new Bylaws may be adopted by an affirmative vote of the majority of Directors of the Service, except that no bylaw adopted or amended by the Catawba Valley Association of Realtors®, Inc. (shareholder) shall be altered or repealed by the Directors of the Service.

When amendments to the Bylaws of the Service have been approved by the Board of Directors of the Catawba Valley Association of Realtors®, Inc. (shareholder), said amendments shall be effective immediately or as stated in the amending resolution.

Article 10.1 Amendments to Rules and Regulations

Amendments to the rules and regulations of the service shall be by consideration and approval of the board of directors of the multiple listing service in accordance with the provisions of Article 7.3, concerning meetings of the board of directors, subject to final approval by the board of directors of the Catawba Valley Association of Realtors® (shareholder).

When approved by the board of directors of the Catawba Valley Association of Realtors® (shareholder) as described, the amendments to the rules and regulations of the multiple listing service shall be effective immediately or as stated in the amending resolution.

If the proposed amendments of the multiple listing service rules and regulations fail approval by the board of directors of the shareholder, the board of directors of the multiple listing service shall be informed, and advised that the proposed amendment or amendments must be further considered and resubmitted as approved by the board of directors of the multiple listing service to the board of directors of Catawba Valley Association of Realtors® (shareholder).

Article 11 Dissolution

In the event this service shall at any time terminate its activities, the board of directors of the service shall consider and adopt a plan of liquidation and dissolution with the approval of the participants thereof and of the board of directors of the Catawba Valley Association of Realtors® (shareholder). Said plan shall provide for the collection of all assets, the payment of all liabilities, and that the remaining portions thereof be assigned to the parent corporation, namely, the Catawba Valley Association of Realtors®.

Article 12 Indemnification

Any person who at any time serves or has served as an Officer or a Director of the Service, shall have a right to be indemnified by the Service to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitrative action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Service, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine (excluding an excise tax assessed with respect to an employee benefit plan), penalty, or settlement for which he may have become liable in any such action, suit, or proceeding.

The Board of Directors of the Service shall take all such action as may be necessary and appropriate to authorize the Service to pay the indemnification required by this Bylaw, including, without limitation, making a determination that indemnification is permissible in the circumstances and a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him. The Board of Directors may appoint a committee or special counsel to make such determination and evaluation. To the extent needed, the Board shall give notice to, and obtain approval by, the Catawba Valley Association of Realtors®, Inc. (shareholder) for any decision to indemnify.

Any person who at any time after the adoption of this Bylaw serves or has served in the aforesaid capacity for or on behalf of the Service shall be deemed to be doing or to have done so in reliance upon, and a consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.